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FACTS ABOUT:

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RESEARCH AND PROMOTION PROGRAMS FOR FARM PRODUCTS

PROCUREMENT SECTION
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INTRODUCTION

Federal legislation gives farmers a means to finance and operate research and promotion programs for many agricultural commodities. All programs have provisions for Federal monitoring of activities by the U.S. Department of Agriculture's Agricultural Marketing Service. This fact sheet gives information on the legislative authority, administration, and activities of research and promotion programs for cotton, wheat, potatoes, wool, lamb, mohair, and eggs. A brief summary is also included of research and promotion through Federal marketing orders, under authority of the Agricultural Marketing Agreement Act of 1937.

COTTON

Legislative Authority

The Cotton Research and Promotion Act of 1966 provides for the collection of \$1 per bale assessments for upland cotton research and promotion activities. First buyers of cotton from producers collect and remit the assessments. Producers who do not want to participate can request a refund of any assessments paid. The Cotton Research and Promotion Order, which implements the Act, was approved in a beltwide referendum of cotton producers in 1966 and went into effect in 1967. In the crop year 1974-75, about \$11 million was collected.

In addition, under the Agricultural Act of 1970, the Commodity Credit Corporation (CCC) made available \$10 million annually in fiscal years 1972 and 1973 for cotton research and market development. The Agriculture and Consumer Protection Act of 1973 extended authority for CCC to make available \$10 million annually for cotton research through 1977. For fiscal 1974, 1975, and 1976, this amount was reduced by Congress to \$3 million to be used for research only.

Administration

A 20-man Cotton Board composed of cotton producer representatives administers the cotton research and promotion programs as well as collection of assessments. Board members are appointed to staggered 3-year terms by the Secretary of Agriculture from nominations made by certified cotton producer associations in each cotton-producing State. Representation is based on a State's average annual cotton production in the crop years 1961-65.

By statutory authority, the Cotton Board has contracted with a producer organization known as Cotton Incorporated for developing and implementing approved research and promotion projects. The objectives of Cotton Incorporated are to increase producer profits and expand the sales of cotton products. It is governed by a Board of Directors, currently consisting of 40 cotton producers. Members of the Board of Directors are selected by the same cotton producer associations that make nominations for members of the Cotton Board. Each State has representation proportional to its marketing of cotton and its monetary contribution to the total program.

USDA's Agricultural Marketing Service has responsibility on behalf of the Secretary of Agriculture to maintain close and continuous review and appraisal of the activities of the Cotton Board and Cotton Incorporated. Projects and budget for each fiscal year must be approved by the Secretary.

Activities

Achievements of Cotton Incorporated include: a joint research effort with State and Federal agencies which shows that the boll weevil, cotton's number one enemy, can be stamped out as an economic pest in the United States; development of techniques, which greatly reduce use of pesticides, to control and possibly eradicate the pink bollworm; and design and commercialization of new mechanized systems for seed cotton handling from field to gin. Ongoing activities include: research on flame-retardance, with one process already used commercially; concentrated research aimed at eliminating "brown lung disease" (byssinosis) from the cotton industry; extensive work in knitting and knit fabrics; presentations on new fabric developments, color, and style directions of apparel and home fashions to major mills, chains, and manufacturers; and cooperative advertising and promotion efforts with manufacturers and retailers to expand the sale of cotton products.

WHEAT

Legislative Authority

The Wheat Research and Promotion Act of 1970 authorizes establishment of a research and promotion program designed to expand domestic and foreign markets for wheat and increase utilization of United States wheat. The Secretary of Agriculture can enter into agreements with farm organizations representing wheat producer interests to carry out the programs.

Financing comes from proceeds of the 1968-69 wheat export certificate pool not claimed by eligible farmers. Wheat exporters were required to buy export certificates when the world market price was higher than the U.S. price and were paid export subsidies when the world price was lower. Because the world price in 1968 and 1969 was sometimes higher than the U.S. price, an export certificate pool of about \$4.2 million accumulated. Producers could elect to receive a pro rata share of the pool or leave their share to finance the research and promotion program. The unclaimed share amounted to about \$2.1 million. Use of these funds has been approved, and all projects are scheduled for completion by June 30, 1978. No other source of funds is now available.

Administration

In 1971, USDA entered into an agreement with the National Wheat Institute (NWI) to carry out the wheat research and promotion program. NWI is a nonprofit organization incorporated in the District of Columbia in 1970. NWI membership is comprised of farm and commodity organizations representing wheat growers on a national basis. The seven members of its Board of Directors are wheat producers selected by the membership organizations to represent the classes of wheat produced in the United States. NWI has designated the National Association of Wheat Growers to handle administrative responsibilities, subject to the direction of the Board and the agreement with USDA.

All NWI proposals are reviewed by USDA's Agricultural Marketing Service and other appropriate agencies and are subject to final approval by the Secretary of Agriculture.

Activities

Research projects include efforts to develop new products from wheat, more nutritious pasta from durum wheat, and new wheat varieties or selections of existing varieties that are more nutritious. Promotional activities include support of August Sandwich Month and the National Day of Bread. Educational activities include production and release of films designed to improve understanding of wheat marketing. Also, NWI is supporting the Agriculture Council of America's efforts to increase public knowledge of agriculture, including wheat farming.

POTATOES

Legislative Authority

The Potato Research and Promotion Act of 1971 provides for establishment of a National Potato Promotion Board, now commonly known as the Potato Board. The Board is authorized to collect an assessment on all Irish potatoes handled in the 48 contiguous States for human food and seed. The funds collected are used for advertising, promotion, and marketing research and development for

potatoes and potato products. The current assessment is 1 cent per hundred-weight and is paid by the "designated" handler, who generally is the first handler.

The handler may pass the assessment cost along to the producer. Any producer who has paid an assessment but does not want to support the program may request a refund from the Board. Potatoes grown by producers of fewer than 5 acres are exempt from the plan.

Collection of assessments began Sept. 15, 1972. During the 1975 fiscal year, which ended June 30, 1975, collections were approximately \$2.2 million.

Administration

The Potato Research and Promotion Plan, which implements the Act, was issued following approval in a February 1972 referendum of potato producers. Under the plan, membership on the Potato Board is calculated in such a way that each State receives one member for each 5 million hundredweight of potato production, based on the average of the 3 preceding years. However, regardless of its production, each State is entitled to at least one member.

All Board members are potato producers who are nominated by producers and appointed for 3-year terms by the Secretary of Agriculture. Currently, 85 producers serve as Board members. The Board meets once a year to review programs and determine policy for the coming year. The Board also selects an Administrative Committee, composed of 25 Board members, which meets frequently to oversee current activities.

USDA's Agricultural Marketing Service closely monitors the Board's activities. Budgets, programs, and projects the Board proposes are submitted to the Secretary of Agriculture for his approval.

Activities

Activities of the Potato Board include: advertising and promotional efforts in a variety of media dealing with nutritional value and calorie content of potatoes; distribution of a potato cookbook; formation of a National Nutritional Exchange to provide nutrition information to State and local nutrition councils; research projects to determine potato usage patterns among consumers and institutional outlets; a merchandising program to improve grocery handling and retail display techniques for potatoes; educational programs for students and the institutional food service industry; and a foreign market development program.

Legislative Authority

The National Wool Act of 1954 authorizes the Secretary of Agriculture to establish programs involving advertising, promotion, and related market development activities for wool, mohair, sheep, goats, and their products. The Agriculture and Consumer Protection Act of 1973 extended the kind of permitted programs to include the development and dissemination of information on product quality, production management, and marketing improvement. Authority was also granted for mohair to be advertised and promoted outside the United States.

The programs are funded by deductions from price support payments to wool and mohair producers. Deductions from 1974 wool and unshorn lamb marketings totaled about \$1.7 million. If market prices average above the support level, as wool prices did in 1973, no support payments are required and no deductions for wool programs can be made for that year. Mohair deductions during 1971 were about \$225,000. Deductions for mohair were not made in 1972, 1973, or 1974 because market prices were above the support level.

Administration

Under the National Wool Act, the Secretary of Agriculture can enter into agreements with producer organizations to carry out promotion programs. Agreements, including the rate of deductions, are subject to approval by producers through referendums. The American Sheep Producers Council, Inc. (ASPC) conducts such programs for wool and lamb products and the Mohair Council of America, Inc. (MCA), for mohair products. Federal monitoring of these organizations formerly was performed by USDA's Agricultural Stabilization and Conservation Service (ASCS). In August 1973, USDA's Agricultural Marketing Service (AMS) was assigned most of the responsibility for the programs. ASCS retains responsibility for conducting producer referendums and for collection of funds.

ASPC, as designated in its bylaws, is governed by a Board of Directors chosen annually by delegates representing State, regional, and national wool and lamb producer organizations. State and regional representation on the Board is based on the amount of deductions from producers' support payments. Representation from national organizations is fixed in the bylaws.

Under its bylaws, MCA is governed by a Board of Directors chosen annually by mohair producers from 20 districts in Texas, where almost all U.S. mohair is produced, and one district composed of all other States. Representation is based on the amount of deductions from producers' support payments in each district.

As provided in the agreements with the Secretary of Agriculture, the activities of both organizations are closely monitored by AMS.

Activities

ASPC activities include: creation and production of American Wool Council advertisements, for which space has been bought in newspapers and in consumer, educational, and trade publications; nationwide cooperative retail store advertising; a joint program with MCA to promote woven and knitted wool/mohair fabrics; an annual contribution to the publicity programs of Woolknit Associates; lamb merchandising through distribution of point-of-purchase materials, exhibits at industry conventions and trade shows, and direct mail to housewives and teachers; and lamb education programs conducted in the United States and funded jointly with producers from Australia and New Zealand.

MCA, in its promotional activities, has been working in the areas of women's, men's, and children's apparel, both woven and knit; piece goods fabrics for home sewing; hand knit yarns; and commercial and household furnishings. Specific efforts have included: print media consumer advertising in cooperation with mills, manufacturers, designers, and retailers; direct and cooperative advertising in the major textile industry publications; exhibits at business and trade fairs; and distribution of in-store and trade display materials and promotion/educational kits.

EGGS

Legislative Authority

The Egg Research and Consumer Information Act, which President Ford signed into law October 1, 1974, authorized the Secretary of Agriculture to issue an order establishing an 18-member Egg Board that would represent the industry if egg producers approved the plan.

In a referendum conducted in November 1975, the order was approved by the required two-thirds majority, and Egg Board members were appointed in February 1976.

The Board will develop and submit for the Secretary's approval a program to enable egg producers to establish, finance, and carry out a coordinated program of research, producer and consumer education, and promotion to improve, maintain, and develop markets for eggs, egg products, spent fowl (laying hens no longer productive), and products of spent fowl.

Activity under the order will be financed through assessments of producers. The rate of assessment cannot exceed 5 cents per 30-dozen case of commercial eggs. Producers not favoring the program can receive a refund on request. Certain small producers are exempt.

RESEARCH AND PROMOTION ACTIVITY UNDER MARKETING ORDERS

Research and promotion are also carried out for certain agricultural products covered by Federal marketing orders. In 1954, the Agricultural Marketing Agreement Act of 1937 was amended to provide that any marketing order for a commodity covered by the Act, other than milk, could include authority to establish marketing research and development projects designed to assist, improve, or promote marketing, distribution, and consumption.

In 1962, the Act was amended to provide for marketing promotion, including paid advertising for cherries. Subsequent amendments made the following commodities eligible for this authority: almonds, papayas, carrots, citrus fruits, onions, Tokay grapes, fresh pears, dates, plums, nectarines, celery, sweet corn, limes, olives, pecans, avocados, apples, and tomatoes.

Authority for production research under marketing orders for all commodities covered by the Act, other than milk, was added in 1970.

A 1971 amendment to the Act provides the statutory authority for milk producers to develop research, advertising, and promotion programs within the framework of the Federal milk order program.

All provisions of marketing orders--including research and promotion--must be approved by the Secretary of Agriculture and by producers in a referendum before going into effect. Of the 47 Federal marketing orders for fruits, vegetables, and related specialty crops, 35 have research authority, and 12 have added authority to carry out advertising and promotion. Research and promotion programs for these commodities are financed from assessments on handlers. Of 56 Federal milk marketing orders, 17 have advertising and promotion programs currently in effect. The programs are financed through a voluntary assessment on all milk that a producer under one of the 17 orders delivers to market each month.

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